

ORIGINAL



0000164617

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman

BOB STUMP

BOB BURNS

DOUG LITTLE

TOM FORESE

Arizona Corporation Commission

DOCKETED

AUG 25 2015

2015 AUG 25 P 12:17

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY

MLB

In the matter of:

LOAN GO CORPORATION, a Utah
corporation,

JUSTIN C. BILLINGSLEY and HEATHER
BILLINGSLEY, husband and wife,

JEFFREY SCOTT PETERSON, an unmarried
man,

JOHN KEITH AYERS and JENNIFER ANN
BRINKMAN-AYERS, husband and wife,

Respondents.

DOCKET NO. S-20932A-15-0220

**RESPONDENTS LOAN GO
CORPORATION AND JEFFREY
SCOTT PETERSON'S ANSWER TO
NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER TO CEASE AND DESIST,
ORDER FOR RESTITUTION, ORDER
FOR ADMINISTRATIVE PENALTIES,
AND ORDER FOR OTHER
AFFIRMATIVE ACTION**

Respondents LoanGo Corporation and Jeffrey Scott Peterson (collectively, "LoanGo") submit their Answer to the Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and for Other Affirmative Action ("Notice"). LoanGo responds to the numbered paragraphs of the Notice as follows:

I.

JURISDICTION

1. LoanGo admits the allegations in paragraph 1 of the Notice.

II.

RESPONDENTS

2. LoanGo admits the allegations in paragraph 2 of the Notice.

3. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 3, and, therefore denies those allegations.

4. LoanGo admits the allegations in paragraph 4 of the Notice.

5. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 5, and, therefore denies those allegations.

6. LoanGo admits the allegations in paragraph 6 of the Notice.

7. LoanGo admits the allegations in paragraph 7 of the Notice.

8. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 8, and, therefore denies those allegations.

9. LoanGo admits the allegations in paragraph 9 of the Notice.

10. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 10, and, therefore denies those allegations.

11. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 11, and, therefore denies those allegations.

12. This paragraph explains how the Notice refers to the parties and requires no answer.

III. FACTS

13. LoanGo admits the allegations in paragraph 13 of the Notice.

14. LoanGo admits the allegations in paragraph 14 of the Notice.

15. LoanGo admits the allegations in paragraph 15 of the Notice.

16. LoanGo admits that Ayers provided some employees and office space to LoanGo. LoanGo is without sufficient knowledge or information to admit or deny the remaining allegations contained in paragraph 16, and, therefore denies those allegations.

1 17. LoanGo admits that Ayers prepared an application for a Utah lending license.
2 LoanGo denies the remaining allegations in paragraph 17.

3 18. LoanGo admits the allegations in paragraph 18.

4 19. LoanGo denies the allegations in paragraph 19.

5 20. LoanGo denies the allegations in paragraph 20.

6 21. LoanGo admits the allegations in paragraph 21 of the Notice.

7 22. LoanGo is without sufficient knowledge or information to admit or deny the
8 allegations contained in paragraph 22, and, therefore denies those allegations.
9

10 23. LoanGo is without sufficient knowledge or information to admit or deny the
11 allegations contained in paragraph 23, and, therefore denies those allegations.

12 24. LoanGo is without sufficient knowledge or information to admit or deny the
13 allegations contained in paragraph 24, and, therefore denies those allegations.

14 25. LoanGo denies the allegations in paragraph 25.

15 26. The allegations in paragraph 26 refer to documents that speak for themselves.
16 Accordingly, LoanGo admits the allegations in paragraph 26.

17 27. The allegations in paragraph 27 refer to documents that speak for themselves.
18 Accordingly, LoanGo admits the allegations in paragraph 27.

19 28. LoanGo is without sufficient knowledge or information to admit or deny the
20 allegations contained in paragraph 28, and, therefore denies those allegations.

21 29. LoanGo is without sufficient knowledge or information to admit or deny the
22 allegations contained in paragraph 29, and, therefore denies those allegations.

23 30. LoanGo is without sufficient knowledge or information to admit or deny the
24 allegations contained in paragraph 30, and, therefore denies those allegations.
25
26
27

1 31. LoanGo admits that Peterson signed the subscription agreements and notes. LoanGo
2 denies the remaining allegations in paragraph 31.

3 32. LoanGo is without sufficient knowledge or information to admit or deny the
4 allegations contained in paragraph 32, and therefore denies those allegations.

5 33. LoanGo is without sufficient knowledge or information to admit or deny the
6 allegations contained in paragraph 33, and therefore denies those allegations.

7 34. LoanGo denies the allegations in paragraph 34.

8 35. LoanGo is without sufficient knowledge or information to admit or deny the
9 allegations contained in paragraph 35, and therefore denies those allegations.

10 36. LoanGo denies the allegations in paragraph 36.

11 37. LoanGo is without sufficient knowledge or information to admit or deny the
12 allegations contained in paragraph 37, and therefore denies those allegations.

13 38. LoanGo denies the allegations in paragraph 38.

14 39. LoanGo is without sufficient knowledge or information to admit or deny the
15 allegations contained in paragraph 39, and, therefore denies those allegations.

16 40. LoanGo is without sufficient knowledge or information to admit or deny the
17 allegations contained in paragraph 40, and, therefore denies those allegations.

18 41. LoanGo is without sufficient knowledge or information to admit or deny the
19 allegations contained in paragraph 41, and, therefore denies those allegations.

20 42. LoanGo is without sufficient knowledge or information to admit or deny the
21 allegations contained in paragraph 42, and, therefore denies those allegations.

22 43. LoanGo is without sufficient knowledge or information to admit or deny the
23 allegations contained in paragraph 43, and, therefore denies those allegations.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27

44. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 44, and, therefore denies those allegations.

45. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 45, and, therefore denies those allegations.

46. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 46, and, therefore denies those allegations.

47. LoanGo is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 47, and, therefore denies those allegations.

48. LoanGo admits the allegations in paragraph 48.

IV.
VIOLATION OF A.R.S. § 44-1841
(Offer or Sale of Unregistered Securities)

49. LoanGo denies the allegations in paragraph 49.

50. LoanGo admits that the notes were not registered. LoanGo denies the remaining allegations in paragraph 50.

51. LoanGo denies the allegations in paragraph 51.

V.
VIOLATION OF A.R.S. § 44-1842
(Transactions by Unregistered Dealers or Salesmen)

52. LoanGo admits that LoanGo, Billingsley and Peterson were not registered as dealers or salesmen. LoanGo denies the remaining allegations in paragraph 52.

53. LoanGo denies the allegations in paragraph 53.

VI.
VIOLATION OF A.R.S. § 44-1991
(Fraud in Connection with the Offer or Sale of Securities)

54. LoanGo denies the allegations in paragraph 54.

1 55. LoanGo denies the allegations in paragraph 55.

2 56. LoanGo denies the allegations in paragraph 56

3 57. LoanGo denies the allegations in paragraph 57.

4 58. LoanGo denies every allegation not specifically admitted herein.

5 **AFFIRMATIVE DEFENSES**

6 The following affirmative defenses nullify any potential claims asserted by the Division.
7
8 LoanGo reserves the right to amend this Answer to assert additional defenses after completion of
9 discovery.

10 First Affirmative Defense

11 The ACC cannot meet the applicable standards for any of the relief it is seeking in the
12 Amended Notice.
13

14 Second Affirmative Defense

15 The Amended Notice fails to state a claim upon which relief can be granted.
16

17 Third Affirmative Defense

18 LoanGo did not engage in any activity that required registration with the Arizona
19 Corporation Commission's Securities Division.
20

21 Fourth Affirmative Defense

22 If the program at issue is determined to be a security, it was exempt from registration
23 and/or sold in an exempt transaction.
24

25 Fifth Affirmative Defense

26 The alleged investors suffered no injuries or damages as a result of LoanGo's alleged acts.
27

Sixth Affirmative Defense

The alleged investors alleged injuries or damages are the result of acts or omissions committed by non-parties.

Seventh Affirmative Defense

Neither Restitution, nor an administrative penalty are appropriate remedies.

Eight Affirmative Defense

To the extent an award of restitution is ordered, the ACC should use its discretion to reduce the amount, if any, LoanGo must pay.

Ninth Affirmative Defense

LoanGo did not violate A.R.S. §§ 44-1841 or 44-1842.

Tenth Affirmative Defense

Respondents did not act within the requisite scienter.

Eleventh Affirmative Defense

The Division has failed to plead fraud with reasonable particularity as required by Rule 9(b) of the Arizona Rules of Civil Procedure.

Twelfth Affirmative Defense

Respondents did not employ a device, scheme or artifice to defraud the alleged investors.

Thirteenth Affirmative Defense

Respondents did not make or intentionally make any untrue statements of material fact that were misleading.

Fourteenth Affirmative Defense

The alleged investors could not have reasonably relied upon any statement or action by Respondents.

Fifteenth Affirmative Defense

Respondents did not engage in any transaction, practice or concourse of business that operated or would operate as a fraud or deceit upon the alleged investors.

Sixteenth Affirmative Defense

The ACC's claims are barred as either vague, ambiguous, overbroad, or a combination of the three.

Seventeenth Affirmative Defense

The ACC's claims are barred as a violation of due process.

Eighteenth Affirmative Defense

Any damages are due to the fault of others.

Nineteenth Affirmative Defense

If the LoanGo notes are determined to be securities, Mr. Peterson did not offer or sell them within the meaning of the Securities Act of Arizona.

Twentieth Affirmative Defense

LoanGo made neither material omissions nor material misrepresentations, nor did it otherwise violate A.R.S. § 44-1991,

BASKIN RICHARDS PLC
2901 North Central Avenue
Suite 1150
Phoenix, AZ 85012
TELEPHONE NO 480-968-1225
FACSIMILE 480-968-6255

Twenty-first Affirmative Defense

Mr. Peterson was not a controlling person of LoanGo within the meaning of A.R.S. § 44-1999.

Twenty-second Affirmative Defense

If Mr. Peterson is deemed a controlling person of LoanGo he is not liable for any alleged securities fraud because he acted in good faith and did not directly or indirectly induce any alleged violation of the Securities Act.

Twenty-third Affirmative Defense

LoanGo alleges such other affirmative defenses set forth in the Arizona Rules of Civil Procedure 8(c) or elsewhere as may be determined to be applicable during discovery.

RESPECTFULLY SUBMITTED this 25th day of August, 2015.

BASKIN RICHARDS PLC

By 

Alan S. Baskin
29014 North Central Avenue, Suite 1150
Phoenix, AZ 85012
*Attorney for Respondents Loan Go
Corporation and Jeffrey Scott Peterson*

ORIGINAL and thirteen copies of the foregoing
filed this 25th day of August, 2015 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
this 25th day of August, 2015 to:

BASKIN RICHARDS PLC

2901 North Central Avenue

Suite 1150

Phoenix, AZ 85012

TELEPHONE NO 480-968-1225

FACSIMILE 480-968-6255

1 Matthew J. Neubert
2 Director of Securities
3 Securities Division
4 Arizona Corporation Commission
5 1300 W. Washington Street, 3rd Floor
6 Phoenix, AZ 85007

7 Hearing Officer
8 Hearing Division
9 Arizona Corporation Commission
10 1200 W. Washington Street
11 Phoenix, AZ 85007

12 COPY of the foregoing mailed
13 this 25th day of August, 2015 to:

14 Paul Kitchin
15 Securities Division
16 Arizona Corporation Commission
17 1300 W. Washington, 3rd Floor
18 Phoenix, AZ 85007

19 Frank Mead
20 Joshua C. Black
21 3838 N. Central Ave, Suite 100
22 Phoenix, AZ 85012
23 *Attorneys for Respondents' Billingsley*

24 Keven Fallon McCarthy
25 McCarthy Law PLC
26 4250 N. Drinkwater Blvd., Suite 320
27 Scottsdale, AZ 85251
Attorneys for Respondents' Ayers

Katie Bredlow